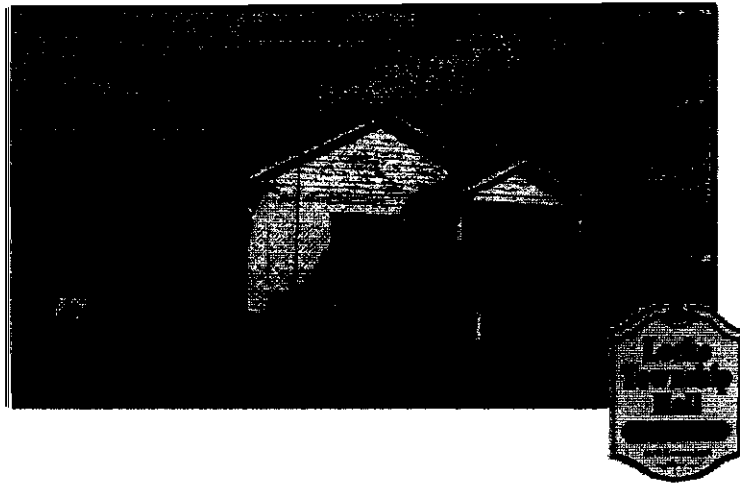


# Locke Township

Ingham County

Annual Financial Report  
March 31, 2006



**Richard L. Baldermann**  
Certified Public Accountant

# Auditing Procedures Report

Issued under P.A. 2 of 1988, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Two <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Locke Township	County Ingham
Fiscal Year Ends 3-31-2006	Opinion Date 11-14-2006	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations)


YES  
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations		<input checked="" type="checkbox"/>		
Other (Describe):		<input type="checkbox"/>		
Certified Public Accountant (Firm Name): Richard L. Baldermann, CPA		Telephone Number: 517-655-4772		
Street Address: 1197 Wild Cherry Drive		City: Williamston	State: MI	Zip: 48895
Authorizing CPA Signature: 		Printed Name: Richard L. Baldermann, CPA		License Number: A234312

Locke Township, Ingham County  
3805 Bell Oak Rd.  
Williamston, MI 48895-9538  
Phone: (517) 468-3405

---

Township Officials

---

Paul Griffes  
Supervisor  
\*\*\*\*\*

Dorothy Hart  
Clerk  
\*\*\*\*\*

Charles Galbreath  
Treasurer  
\*\*\*\*\*

Debbie Munro  
Trustee  
\*\*\*\*\*

Larry Schulz  
Trustee  
\*\*\*\*\*

**Locke Township, Ingham County**  
**March 31, 2006**  
**TABLE OF CONTENTS**

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	
<b>BASIC FINANCIAL STATEMENTS</b>	
Balance Sheet-Statement of Net Assets	1
Government Wide Statement of Activities	2
Statement of Revenues, Expenditures and Changes in Fund Balance-General Fund	3
Statement of Net Assets-Fiduciary Fund	4
Statement of Changes in Assets and Liabilities-Fiduciary Fund	5
Notes to the Financial Statements	6
<b>REQUIRED SUPPLEMENTAL INFORMATION</b>	
Budgetary Comparison Schedule-General Fund	11
<b>COMMENTS AND RECOMMENDATIONS</b>	14

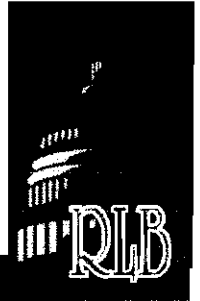
Richard L. Baldermann

Certified Public Accountant

1197 Wild Cherry Drive, Williamston, MI 48895

Office: (517) 655-4772

Cell Phone: (517) 896-2210



e-mail: [rbaldermann@msn.com](mailto:rbaldermann@msn.com)

## INDEPENDENT AUDITOR'S REPORT

November 14, 2006

Locke Township Board  
3805 Bell Oak Road  
Williamston, Michigan 48895

Dear Board Members:

I have audited the accompanying basic financial statements of Locke Township as of March 31, 2006 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of Locke Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Locke Township as of March 31, 2006 and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments*. The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

Richard L. Baldermann, CPA

**Locke Township**  
**Balance Sheet - Statement of Net Assets**  
**March 31, 2006**

**Exhibit 1**

	Balance Sheet Modified Accrual	Adjustments	Statement of Net Assets - Full Accrual
<b>Assets</b>			
Cash (Note 4)	\$ 386,093		\$ 386,093
Property Taxes Receivable	5,789		5,789
Due From Tax Collection Fund	615		615
Due From State	19,421		19,421
Capital assets (Note 6)		\$ 60,765	60,765
<b>Total assets</b>	<b>\$ 411,918</b>	<b>60,765</b>	<b>472,683</b>
<b>Liabilities</b>			
Accounts payable	291		291
Due to other governmental units	1,791		1,791
Escrow Deposits Payable	27,958		27,958
<b>Total liabilities</b>	<b>30,041</b>		<b>30,041</b>
<b>Fund Balances - Unreserved</b>	<b>381,877</b>	<b>(381,877)</b>	
<b>Total liabilities and fund balance</b>	<b>\$ 411,918</b>		
<b>Net Assets</b>			
Invested in capital assets		60,765	60,765
Unrestricted		381,877	381,877
<b>Total net assets</b>		<b>\$ 442,642</b>	<b>\$ 442,642</b>
Amounts reported for governmental activities in the statement of net assets are different because:			
Total Fund Balances		\$ 381,877	
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		60,765	
<b>Net Assets of Governmental Activities</b>		<b>\$ 442,642</b>	

The Notes to Financial Statements are an Integral Part of this Statement.

Locke Township  
Government Wide Statement of Activities  
For the Year Ended March 31, 2006

Exhibit 2

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Licenses & Permits	Charges for Services	Primary Government	
				Governmental Activities	Total
Primary Government					
General Government	\$ 119,854		\$ 9,888	\$ (107,052)	\$ (107,052)
Public Safety	8,786			(8,786)	(8,786)
Public Works	34,174			(34,174)	(34,174)
Community and Economic Development	26,041	\$ 12,192		(13,849)	(13,849)
Recreation and Culture	1,140			(1,140)	(1,140)
Total Governmental Activities	189,996	12,192	9,888	(165,001)	(165,001)
Total Primary Government	\$ 189,996	\$ 12,192	\$ 9,888	(165,001)	(165,001)
General Revenues					
Property Taxes				69,195	69,195
State Grants				118,930	118,930
Unrestricted Investment Earnings				13,290	13,290
Miscellaneous				505	505
Total General Revenues--Special Items and Transfers				201,920	201,920
Change in Net Assets				36,918	36,918
Net Assets--Beginning--Restated				405,724	405,724
Net Assets--Ending				\$ 442,642	\$ 442,642

The Notes to Financial Statements are an integral part of this statement.

**Locke Township**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**General Fund**  
**For the Year Ended March 31, 2006**

**Exhibit 3**

<b>Revenue</b>	
Taxes	\$ 69,195
Licenses and Permits	12,192
State Grants	121,844
Interest and Rentals	13,290
Charges for Services-Sales	9,888
Other Revenue	505
Total Revenue	<u>226,914</u>
<b>Expenditures</b>	
General Government	
Township Board	12,902
Supervisor	10,422
Elections	1,762
Township Clerk	22,352
Board of Review	1,449
Treasurer	18,931
Assessor	11,939
Township Hall	22,894
Barrier Free Grant	419
Cemetery	12,924
Public Safety	8,786
Public Works	34,174
Community and Economic Development	26,041
Recreation and Culture	1,140
Other Functions	
Capital Outlay	<u>27,682</u>
Total Expenditures	<u>213,818</u>
Excess (deficiency) of revenue over expenditures	13,097
Fund Balance-April 1, 2005 Restated	<u>368,781</u>
Fund Balance-March 31, 2006	<u>\$ 381,877</u>

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balance	\$ 13,097
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation. This is the amount by which capital outlays exceeded depreciation in the current period.	
	<u>23,822</u>
<b>Change in Net Assets of Governmental Activities</b>	<u><b>\$ 36,918</b></u>

The Notes to Financial Statements are an integral part of this statement.



**Locke Township  
Statement of Net Assets  
Fiduciary Fund  
March 31, 2006**

**Exhibit 4**

**Tax Collection Fund**

<b>Assets</b>	
Cash and Cash Equivalents (Note 3)	\$ 1,884
<b>Total assets</b>	<b><u>\$ 1,884</u></b>
<b>Liabilities</b>	
Due to General Fund	\$ 615
Undistributed Tax Collections	76
Due to Taxpayers	<u>1,193</u>
<b>Total liabilities</b>	<b><u>\$ 1,884</u></b>

The Notes to Financial Statements are an Integral Part of this Statement.

**Locke Township**  
**Statement of Changes in Assets and Liabilities**  
**Fiduciary Fund**  
**March 31, 2006**

**Exhibit 5**

	Balance April 1, 2004	Additions	Deductions	Balance March 31, 2005
<b>Tax Collection Fund</b>				
<b>Assets</b>				
Cash (Note 4)	\$ 45,334	\$ 1,997,467	\$ 2,040,918	\$ 1,884
<b>Total assets</b>	<u>\$ 45,334</u>	<u>\$ 1,997,467</u>	<u>\$ 2,040,918</u>	<u>\$ 1,884</u>
<b>Liabilities</b>				
Due to Taxpayers	\$ 248	\$ 2,239	\$ 1,294	\$ 1,193
Due to General Fund	20,002	66,554	85,940	615
Undistributed Tax Collections	25,084	1,928,675	1,953,683	76
<b>Total liabilities</b>	<u>\$ 45,334</u>	<u>\$ 1,997,467</u>	<u>\$ 2,040,918</u>	<u>\$ 1,884</u>

The Notes to Financial Statements are an Integral Part of this Statement.

Locke Township  
Notes to the Financial Statements  
March 31, 2006

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Locke Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Locke Township:

**A. Reporting Entity**

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity.

Locke Township covers an area of approximately 36 square miles located in Ingham County, Michigan. The Township operates under an elected five-member Board and provides various services to its residents. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Based on the criteria established by the Governmental Accounting Standards Board (GASB), Locke Township has no component units.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Locke Township has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements.

Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Locke Township  
Notes to the Financial Statements  
March 31, 2006

**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

- Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Delinquent real property taxes are recognized as revenue in the current year since the County purchases those taxes. All other revenue items are considered to be available only when cash is received by the Township.
- Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

The Township reports the following major governmental fund:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund is the only operating fund of the Township.

Additionally, the Township reports the following fund type:

Agency Fund - The Agency Fund (Tax Collection Fund) accounts for assets held by the Township in a trustee capacity or as an agent for individuals, employees, organizations, other governments, or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

**E. Assets, Liabilities, and Net Assets or Equity**

Bank Deposits and Investments--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables--In general, outstanding balances between funds are reported as "due to/from other funds."

Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on February 14<sup>th</sup> of the following year, at which time penalties and interest are assessed by the Township. On March 1<sup>st</sup> the tax roll is delinquent and settled with the County at which time penalties and interest are assessed by the County on the delinquent taxes.

The 2005 taxable valuation of the Township totaled \$59,362,866, on which ad valorem taxes levied consisted of .7995 mill for the Township operating purposes raising \$47,460. These amounts are recognized in the General Fund financial statements as tax revenue.

Locke Township  
Notes to the Financial Statements  
March 31, 2006

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**E. Assets, Liabilities, and Net Assets or Equity (Continued)**

Capital Assets--Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$100 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

- |                         |                |
|-------------------------|----------------|
| • Buildings             | 50 years       |
| • Building Improvements | 10 to 20 years |
| • Office Equipment      | 7 to 20 years  |
| • Computer Equipment    | 7 years        |

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 2—FUND BALANCE RESTATEMENT**

The General Fund Fund Balance is restated for the following reasons:

Beginning Balance prior audit	\$363,404.02
Beginning Balance Adjust	(105.65)
Prior Year Del Tax Admin	1,784.72
Adjustments made in error	(62.95)
Tax Account error	3,760.73
Restated Beginning Fund Balance	<u>\$368,780.87</u>

**NOTE 3—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. All annual appropriations lapse at fiscal year end. The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the line item level.

Excess of Expenditures Over Appropriations in Budgeted Funds--During the year, Locke Township incurred expenditures in the General Fund which were in excess of the amounts appropriated in 31 line items.

**NOTE 4—DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes Locke Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after

Locke Township  
Notes to the Financial Statements  
March 31, 2006

**NOTE 4--DEPOSITS AND INVESTMENTS** (continued)

the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Locke Township Board has designated three banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has further authorized investment in the remainder of State statutory authority as listed above after Board approval.

The Township's deposits and investment policy are in accordance with statutory authority.

A reconciliation of cash and investments as shown on the Statement of Net Assets and Statement of Fiduciary Net Assets to deposits and investments as classified for note disclosure purposes is as follows:

Statement of Net Assets	
Cash	386,093
Statement of Fiduciary Net Assets	<u>1,884</u>
Total	<u>\$387,977</u>
Deposits and investments	
Bank deposits	
(checking and savings accounts)	\$387,692
Cash on hand	<u>285</u>
Total	<u>\$387,977</u>

The bank balance of all Township deposits (including the Tax Collection fiduciary fund) is \$387,692, of which \$100,000 is covered by federal depository insurance.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. As of year end, \$433,155 of the Township's bank balance of \$629,926 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The Township's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

**NOTE 5--RECEIVABLES**

Township receivables as of year-end are as follows:

General Fund	
Taxes Receivable	\$ 4,196
Due from Tax Collection Fund	16,602
Due from State (Revenue Sharing)	<u>17,156</u>
Gross Receivables	<u>\$ 37,954</u>

Locke Township  
Notes to the Financial Statements  
March 31, 2006

**NOTE 6--CAPITAL ASSETS**

Capital asset activity of the primary government for the current year was as follows:

Governmental Activities	Beginning			Ending
Capital Assets Not Being Depreciated	Balance	Additions	Deductions	Balance
Land	\$ 2,837			\$ 2,837
Construction in Progress		<u>\$11,178</u>		<u>11,178</u>
Subtotal	<u>2837</u>	<u>11,178</u>		<u>14,015</u>
Capital Assets Being Depreciated				
Buildings	15,000			15,000
Building Improvements	21,203			21,203
Office Equipment	13,449	200		13,649
Machinery and Equipment	<u>9,553</u>	<u>7,981</u>	<u>8,131</u>	<u>9,403</u>
Subtotal	<u>59,205</u>	<u>8,181</u>	<u>8,131</u>	<u>59,255</u>
Less Accumulated Depreciation for				
Buildings	15,000			15,000
Building Improvements	6,195	1,592		7,787
Office Equipment	7,473	928		8,401
Machinery and Equipment	<u>1,264</u>	<u>608</u>	<u>434</u>	<u>1,438</u>
Subtotal	<u>29,932</u>	<u>3,129</u>	<u>434</u>	<u>32,627</u>
Net Capital Assets Being Depreciated	<u>29,273</u>	<u>5,052</u>	<u>7,697</u>	<u>26,628</u>
Governmental Activities Total				
Capital Assets--Net of Depreciation	<u>\$32,110</u>	<u>\$16,230</u>	<u>\$7,697</u>	<u>\$40,643</u>

Depreciation expense was charged to programs of the General Fund as follows:

Governmental Activities	
General Government	\$3,129

Construction Commitments—The Township has begun the process of expanding and renovating the Township Hall. At year end the Township has expended \$11,178 on preliminary expenses related to that project.

**NOTE 7--RISK MANAGEMENT**

Locke Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation). The Township participates in the Michigan Townships Participating Plan, which operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis. The Township coverage includes property loss, torts, errors and omissions and employee injuries (workers' compensation). Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Locke Township  
General Fund  
Budgetary Comparison Schedule  
March 31, 2006

Exhibit 6

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Budgetary Fund Balance, April 1, 2004	\$ -	\$ -	\$ 368,761	\$ 368,781
Reources (Inflows)				
Taxes				
Taxes	48,000	48,000	47,451	(549)
Administration Fee	21,900	21,900	21,182	(718)
Penalties and Interest			562	562
Licenses and Permits				
Building Permit Fee	10,000	10,000	7,997	(2,003)
Zoning Permit Fee	3,000	3,000	4,195	1,195
State Grants				
METRO Grant	4,000	4,000	4,228	228
SET Collection Reimbursement	2,500	2,500	2,495	(5)
State Revenue Saring	112,000	112,000	114,702	2,702
Barrier Free Grant			419	419
Interest and Rentals				
Interest	3,500	3,500	10,385	8,865
Rent	525	525	2,925	2,400
Charges for Services-Sales				
Cemetery Burial Fee	6,000	6,000	6,860	860
Sale of Cemetery Lots	1,200	1,200	3,000	1,800
FOIA Request			29	29
Other Revenue				
Reimbursements			505	505
Amounts Available for Appropriation	212,625	212,625	595,695	383,070
Charges to Appropriations (Outflows)				
General Government				
Township Board	21,750	17,615	12,902	4,713
Supervisor	9,680	9,680	10,422	(742)
Clerk	20,800	21,075	22,352	(1,277)
Board of Review	900	1,000	1,449	(449)
Treasurer	16,900	16,960	18,931	(1,971)
Assessor	11,650	11,950	11,939	11
Elections	2,060	2,060	1,762	298
Building and Grounds	20,450	20,450	22,894	(2,444)
Barrier Free Grant			419	(419)
Cemetery	16,285	16,285	12,924	3,361
Public Safety				
Tri County METRO	3,300	3,300		3,300
Fire Protection	500	500	500	
Building Inspection	9,000	9,000	8,266	714
Public Works				
Drain et Large	4,000	11,000	10,850	150
Roads	20,000	22,000	23,325	(1,325)
Community and Economic Development				
Planning	16,150	16,550	12,098	4,452
Zoning	13,550	13,550	13,943	(393)
Recreation and Cultura				
Recreation	1,500	1,500	1,140	360
Other Functions				
Workers Comp	1,000	1,000		1,000
Capital Outlay				
Capital Outlay				
Equipment	3,000	3,000	2,742	258
Capital Project-Building	150,000	144,000	24,941	119,059
Contingencies	1,150	1,150		1,150
Total Charges to Appropriations	343,625	343,625	213,818	129,807
Budgetary Fund Balance March 31, 2006	\$ -	\$ -	\$ 381,877	\$ 363,404



Richard L. Baldermann

Certified Public Accountant

1197 Wild Cherry Drive, Williamston, MI 48895

Office: (517) 655-4772

Cell Phone: (517) 896-2210



e-mail: [rlbaldermann@msn.com](mailto:rlbaldermann@msn.com)

November 14, 2006

Locke Township Board  
3805 Bell Oak Road  
Williamston, Michigan 48895

Dear Board Members:

I was engaged to audit the financial statements of Locke Township for the year ended March 31, 2006, and have issued my report thereon dated November 14, 2006.

In planning and performing my audit of the financial statements of Locke Township for the year ended March 31, 2006, I considered the Township's internal control structure to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

The management of Locke Township is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. These conditions are more fully explained in the attached report of comments and recommendations.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that error or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended for the information of management and other regulatory agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Richard L. Baldermann, CPA

LOCKE TOWNSHIP  
Comments And Recommendations  
March 31, 2006

OTHER REPORTABLE CONDITIONS

Although the following are not considered material weaknesses in the internal control structure, my audit disclosed certain other reportable conditions which I wish to point out for consideration by the management of Locke Township.

Capitalization Policy

Governmental Accounting Standards Board (GASB) Statement 34 requires local governments to capitalize and depreciate its capital assets. The Township does not have a capital asset policy. This policy is necessary to establish the capitalization threshold, method of depreciation, and estimated useful life of the Township's assets.

I recommend that the Township Board adopt a Capital Asset Policy.

Payments to Federal Government

Payments to Federal Government were 78 cents less than withheld from employees on March 31, 2006 and by September 12, 2006 the amount had risen to \$2.60.

NONCOMPLIANCE WITH STATE STATUTES

My examination revealed the following instances of noncompliance with State Statutes.

ACH Policy

Locke Township pays its employee withholdings for deferred compensation by an ACH transaction, however, the Township has not adopted an ACH Policy as required by section 3 of Act No. 738, Public Acts of 2002.

I recommend that the Locke Township Board adopt an ACH Policy as required.

Budgets (Repeated from last year)

The Township's budget document does not include estimated beginning or estimated ending balances as required by the Uniform Budget Act.

During the fiscal year the Township over-expended 31 line items.

The appropriation Act does not include authorized wages and salaries for the Township officials and employees.

I recommend that:

- the budget include estimated beginning or estimated ending balances as required by the Uniform Budget Act;
- the budget be adopted at the activity level; and
- the appropriation act include authorized wages and salaries for the Township officials and employees.

Depository Resolution (Repeated from last year)

The designation of depositories as approved by the Township Board contains three banks, two of which no longer exist.

I recommend that the designation of depositories be updated.